

ROCKY VIEW REGIONAL HANDIBUS SOCIETY
FINANCIAL STATEMENTS
DECEMBER 31, 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the members of Rocky View Regional Handibus Society

Management has the responsibility for preparing the accompanying financial statements and ensuring that all information in the Annual Report is consistent with these statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Generally Accepted Accounting Principles.

In discharging its responsibility for the integrity and fairness of the financial statements, as well as for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are Authorized, assets are safeguarded and proper records maintained.

The Board appoints external auditors to audit the financial statements and to meet separately with management to review their findings. The external auditors report directly to the members; their report follows.

Calgary, Alberta
March 29, 2011

Original signed
GENERAL MANAGER

AUDITOR'S REPORT

To the Members of
Rocky View Regional Handibus Society

I have audited the statement of financial position Rocky View Regional Handibus Society as at December 31, 2010, and the statement of operations and statement of cash flows for the year then ended. These financial statements are the responsibility of the Society's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2010 and the results of operations for the year then ended, in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
March 29, 2011

Original signed
CHARTERED ACCOUNTANT

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2010

| | 2010 | 2009 |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 59,274 | \$ 34,080 |
| Restricted cash (Note 5) | 58,206 | 155,716 |
| Accounts receivable | 36,982 | 10,166 |
| Prepaid expenses | 19,470 | 18,978 |
| | 173,932 | 218,940 |
| PROPERTY AND EQUIPMENT (Note 7) | 384,114 | 221,638 |
| | \$ 558,046 | \$ 440,578 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable | \$ 38,386 | \$ 36,780 |
| Deferred contributions (Note 8) | 58,206 | 31,125 |
| | 96,592 | 67,905 |
| DEFERRED CAPITAL CONTRIBUTIONS (Note 9) | 363,585 | 347,810 |
| NET ASSETS | | |
| NET UNRESTRICTED ASSETS | 97,869 | 24,863 |
| | 97,869 | 24,863 |
| | \$ 558,046 | \$ 440,578 |

APPROVED BY THE BOARD:

Original Signed Director

Original Signed Director

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2010

| | 2010 | 2009 |
|--|------------------|--------------------|
| REVENUE | | |
| Amortization of deferred capital contributions | \$ 57,225 | \$ 30,726 |
| Amortization of deferred contributions | 18,000 | - |
| Casino revenues | 29,919 | 16,821 |
| Fee for service | 286,433 | 256,087 |
| Grants | 114,629 | 122,683 |
| Other income | 6,199 | 7,196 |
| Unrestricted contributions | 8,893 | 1,867 |
| User fees | 39,099 | 40,177 |
| Acquired from takeover of Big Hill Senior Citizens Activity Society (Note 3) | 123,488 | - |
| | 683,885 | 475,557 |
| EXPENSES | | |
| Advertising and promotion | 1,704 | 285 |
| Amortization | 57,398 | 30,954 |
| Bad debts | 7,353 | - |
| Dues and memberships | 3,221 | 1,050 |
| Fuel | 58,801 | 49,497 |
| Insurance | 16,742 | 15,926 |
| Interest and bank charges | 2,019 | 1,404 |
| Office | 17,898 | 10,992 |
| Professional fees | 6,750 | 6,620 |
| Rent | 20,100 | 18,000 |
| Repairs and maintenance | 71,232 | 55,364 |
| Salaries and benefits | 334,539 | 304,076 |
| Telephone | 8,855 | 6,661 |
| Uniforms | - | 600 |
| Utilities | 4,267 | 4,013 |
| | 610,879 | 505,442 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | | |
| Continuing operations | 73,006 | (29,885) |
| OTHER ITEMS | | |
| Gain on disposal of assets | - | 525 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | \$ 73,006 | \$ (29,360) |

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2010

| | <u>Total</u> <u>2010</u> | <u>Total</u> <u>2009</u> |
|---|-----------------------------|-----------------------------|
| BALANCE, beginning of year | \$ 24,863 | \$ 54,223 |
| Excess of revenues over expenditures | 73,006 | (29,360) |
| <hr/> | | |
| BALANCE, end of year | \$ 97,869 | \$ 24,863 |
| <hr/> | | |

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

| | 2010 | 2009 |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Deficiency of revenues over expenditures, continuing operations | \$ 73,006 | \$ (29,885) |
| Items not affecting cash | | |
| Amortization | 57,398 | 30,954 |
| Amortization of deferred contributions | (57,225) | (30,726) |
| | 73,179 | (29,657) |
| Change in non-cash working capital items | | |
| Accounts receivable | (26,816) | 26,964 |
| Prepaid expenses | (492) | (4,591) |
| Accounts payable and accrued liabilities | 1,606 | 6,400 |
| Deferred contributions | 27,081 | 29,323 |
| NET CASH GENERATED THROUGH OPERATING ACTIVITIES | 74,558 | 28,439 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Deferred capital donation | 73,000 | - |
| NET CASH GENERATED THROUGH FINANCING ACTIVITIES | 73,000 | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (219,874) | (950) |
| Proceeds of disposal of property and equipment | - | 972 |
| NET CASH GENERATED THROUGH INVESTING ACTIVITIES | (219,874) | 22 |
| NET INCREASE (DECREASE) IN CASH | (72,316) | 28,461 |
| BALANCE, Beginning of year | 189,796 | 161,335 |
| BALANCE, End of year | \$ 117,480 | \$ 189,796 |
| CASH CONSISTS OF: | | |
| Cash | 59,274 | 34,080 |
| Restricted cash | 58,206 | 155,716 |
| | 117,480 | 189,796 |

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

1. NATURE OF OPERATIONS

Rocky View Regional Handibus Society (the "Society") is a non-profit organization that provides transportation for special needs children and seniors in Central Alberta. The Society is incorporated under the Alberta Societies Act and is exempt from income tax under the provision of section 149(1) of the Income Tax Act . The continued operations of the society are dependant of the on-going financial and other support of its sponsors.

2. SIGNIFICANT ACCOUNTING POLICIES

The society's accounting policies and the standards of it's disclosure are in accordance with the recommendations of the Canadian Institute of Chartered Accountants, except as follows:

i) Cash and restricted cash consist of cash on hand and funds on deposit.

ii) Capital assets are recorded at cost. The Society provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

| | |
|--------------------------------|------|
| Automotive | 30% |
| Office furniture and equipment | 20% |
| Computer equipment | 30% |
| Computer upgrades | 100% |
| Leasehold improvements | 20% |

One half the normal rate of amortization is recorded in the year of acquisition and no provision is recorded in the year of disposition

iii) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recorded as revenue in the year in which the related expenses are incurred. Deferred Capital Contributions are recognized as revenue over the estimated life of the related asset using the declining balance method. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fee for service, user fees and other income revenues are recognized on a completion basis.

iv) Contributed services

Volunteers contributed time to assist the Society in carrying out its programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

3. BIG HILL SENIOR CITIZENS ACTIVITIES SOCIETY

The society took over the operations of the Big Hill Senior Citizens Activities Society (BHSCAS), also known as "Cochrane Handibus", in September 2010. Rocky View Regional Handibus Society (Rocky View) acquired three buses and the balance of the cash in the bank when Big Hill Senior's dissolved their society. The details of the acquisition are as follows:

| | |
|-----------------------|------------|
| Cash | \$ 123,488 |
| Value of three busses | 73,000 |
| | <hr/> |
| | \$ 196,488 |
| | <hr/> |

4. MEASUREMENT UNCERTAINTY

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of such estimates in future periods could be significant.

5. RESTRICTED CASH

Restricted cash-Casino is comprised of casino funds contributed for the specific purposes of acquiring and maintaining capital assets. Restricted contributions is the unspent portion of a restricted contribution from Community Initiatives Program-Operating Grant.

| | 2010 | 2009 |
|---------------------------------|-----------|------------|
| Cash - Casino | \$ 1,206 | \$ 31,125 |
| Cash - Restricted contributions | 57,000 | 124,591 |
| | <hr/> | |
| | \$ 58,206 | \$ 155,716 |
| | <hr/> | |

6. FINANCIAL INSTRUMENTS

The Society's financial instruments recognized in the Statement of Financial Position consist of cash, accounts receivable and all liabilities. The fair values of the financial instruments approximate their carrying amounts due to the short term maturity or current market rate associated with these instruments.

The society manages its exposure to risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its risk management policy.

Credit risk is the possibility that parties may default on their financial obligations. The society manages its credit risk by maintaining its funds in a major Canadian financial institution. Accounts receivable risk is managed by assessing the credit worthiness of customers where material amounts are involved.

Liquidity is the risk that Rocky View may not be able to meet a demand for cash or fund obligations as they come due. The society manages this risk by monitoring cash requirements and maintaining adequate funds in a major Canadian financial institution.

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

7. PROPERTY AND EQUIPMENT

| | Cost | Accumulated Amortization | Net <u>2010</u> | Net <u>2009</u> |
|------------------------------|------------|-----------------------------|--------------------|--------------------|
| Automotive | \$ 794,124 | \$ 413,025 | \$ 381,099 | \$ 218,336 |
| Office furniture & equipment | 9,680 | 8,493 | 1,187 | 1,337 |
| Computer equipment | 5,678 | 3,994 | 1,684 | 1,785 |
| Computer upgrades | 2,046 | 2,046 | - | - |
| Leasehold improvements | 2,616 | 2,472 | 144 | 180 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ 814,144 | \$ 430,030 | \$ 384,114 | \$ 221,638 |

8. DEFERRED CONTRIBUTIONS

| | <u>2010</u> | <u>2009</u> |
|--|-------------|-------------|
| Balance, beginning of the year | \$ 1,802 | \$ 19,435 |
| Amounts restricted for expenses not yet incurred | 46,144 | - |
| Amount recognized as revenue | (47,919) | (17,633) |
| | <hr/> | <hr/> |
| | \$ 27 | \$ 1,802 |

Deferred contributions represent casino funds that are to be used to maintain the property and equipment and assist in paying for office rent and insurance expenditures.

ROCKY VIEW REGIONAL HANDIBUS SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

9. DEFERRED CAPITAL CONTRIBUTIONS

| | 2010 | 2009 |
|--------------------------------|------------------|------------------|
| Balance, beginning of the year | \$ 378,536 | \$ 242,815 |
| Restricted contributions | - | 168,269 |
| Amount recognized as revenue | (57,225) | (32,548) |
| | <hr/> \$ 321,311 | <hr/> \$ 378,536 |

Deferred capital contributions represent contributed property and equipment and restricted contributions related to the Society's automotive assets.

In 2008, Rocky View County sold a bus costing \$63,269 to the society for \$1. The difference was recorded as a deferred capital contribution and amortized over the expected life of the asset. The Municipal District of Rocky View retains first right of refusal to reacquire the handibus in the event of the dissolution or substantial change in the nature of the society or should the society decide to sell the vehicle.

In 2010 the society acquired three busses from Cochrane Handibus at no cost. The fair value of the busses is \$73,000. The amount is recorded as a deferred capital contribution and is being amortized over the life of the busses.

10. ECONOMIC DEPENDENCE

The society relies on funds from the Rocky View School Division from which it derives 53% of its revenue (2009 53%).

11. COMPARATIVE FIGURES

The comparative figures have been reclassified, where applicable, to conform to the presentation used in the current year. These changes do not affect prior year earnings.

12. FUNDRAISING COSTS

The society solicits funds from various organizations and individuals in the area. Fundraising activities are carried out by administrative personnel, no outside agencies are employed. There are minimal costs associated with fundraising as a separate activity. Such costs are expected to be less than \$6,000.